

MINUTES OF EVERETT PORT COMMISSION  
REGULAR MEETING  
January 7, 2014

PRESENT:	Tom Stiger	President
	Troy McClelland	Vice President
	Glen Bachman	Secretary
	John Mohr	Executive Director
	John Carter	Chief Finance Officer
	Brad Cattle	Port Attorney

CALL TO ORDER: The Regular Commission Meeting of January 7, 2014 was called to order at 5:09 p.m. by Commission President Tom Stiger.

There was no Consent Agenda.

1. OATH OF OFFICE

Snohomish County Executive John Lovick performed the swearing in ceremony for Commissioner Glen Bachman who will be serving a six-year term in Commissioner District 3 for the Port of Everett.

2. ELECTION OF COMMISSION OFFICERS

Commissioner Troy McClelland moved to elect Commissioner Tom Stiger as Commission President, Commissioner Troy McClelland as Vice President, and Commissioner Glen Bachman as Commission Secretary for 2014. Commissioner Bachman seconded the motion. A vote was called for:

Vote:	3-0
Yes:	McClelland, Bachman, Stiger
No:	None
Abstained:	None

Motion carried.

3. EXECUTIVE DIRECTOR'S REPORT

**Commission Retreat**

Executive Director John Mohr reported that Port Staff has provided two sets of dates for the Commission to consider for holding the Commission Retreat – March 6 & 7 and March 17 & 18, 2014. Commissioner McClelland said that he will know for sure about his availability for March 6 & 7 next week, and should be able to provide further information at the next meeting.

John Mohr added that Staff will bring the matter back at the January 14, 2014 Commission meeting.

**United Way**

The Port received a very nice letter from United Way commending Liz Olson for her efforts in leading this year's United Way Campaign. Liz set an ambitious goal to raise \$12,000 and through her leadership and commitment, the Port met that goal.

4. TRANSACTION OF BUSINESS OF THE PORT OF EVERETT

**Resolution No. 999**

Commissioner Glen Bachman moved to adopt Resolution No. 999 establishing procedural rules for the transaction of Port Commission business. Commissioner McClelland seconded the motion. A vote was called for:

Vote:	3-0
Yes:	McClelland, Bachman, Stiger
No:	None
Abstained:	None

Motion carried.

ORIGINAL

5. COMMISSION MEETINGS SCHEDULE

**Resolution No. 1000**

Commissioner Troy McClelland moved to adopt Resolution No. 1000 confirming the schedule and location of Port Commission meetings for 2014. Commissioner Glen Bachman seconded the motion. A vote was called for:

Vote: 3-0  
Yes: McClelland, Bachman, Stiger  
No: None  
Abstained: None

Motion carried.

6. APPOINTMENTS OF LEGAL COUNSEL, PORT AUDITOR AND PORT TREASURER

Commissioner Troy McClelland moved to appoint Anderson Hunter and Bradford N. Cattle as Port legal counsel, John Carter as Port Auditor, and John Carter as Port Treasurer for the Port of Everett for 2014. Commissioner Glen Bachman seconded the motion. A vote was called for:

Vote: 3-0  
Yes: McClelland, Bachman, Stiger  
No: None  
Abstained: None

Motion carried.

7. TRAVEL AUTHORIZATION FOR 2014

**Resolution No. 1001**

Commissioner Stiger presented Resolution No. 1001 which authorizes the Commission and Port Staff to travel as necessary within the United States and Canada during the year 2014, and which calls for the Executive Director to provide specific approval to Port Staff for travel outside the United States and Canada with a quarterly report to the Commission of the approved international travel. The resolution also calls for travel by the Commissioners or the Executive Director outside of the United States and Canada to be authorized by the Commission in advance of the travel.

Commissioner Troy McClelland moved to adopt Resolution No. 1001 establishing travel authorization for the year 2014. Commissioner Bachman seconded the motion. A vote was called for:

Vote: 3-0  
Yes: McClelland, Bachman, Stiger  
No: None  
Abstained: None

Motion carried.

8. ANNUAL RENEWAL OF DELEGATION OF AUTHORITY

**Resolution No. 1002**

Commissioner Tom Stiger reported that Resolution No. 1002 provides the Executive Director with the authority to manage the Port and provides the guidelines for the delegation of authority from the Commission to the Executive Director who is then empowered to delegate some of the Executive Director's authority to staff as the Executive Director deems appropriate.

Commissioner Glen Bachman moved to adopt Resolution No. 1002 establishing the policy directive on the administrative authority of the Executive Director and his designees for 2014. Commissioner McClelland seconded the motion. A vote was called for:

Vote: 3-0  
Yes: Bachman, McClelland, Stiger  
No: None  
Abstained: None

Motion carried.

9. ANNUAL RENEWAL OF AUTHORITY TO SELL SURPLUS PROPERTY

**Resolution No. 1003**

Commissioner Stiger reported that Resolution No. 1003 authorizes the Executive Director to sell and convey Port District surplus property as provided in RCW 53.08.090, and adjusted annually by the governmental price index established by the Department of Revenue. For 2014, the figure will be \$15,000. For surplus property valued in excess of \$15,000, the Commission must approve the sale of the property by separate resolution.

Commissioner Glen Bachman moved to adopt Resolution No. 1003 authorizing the Executive Director to sell and convey surplus property as provided in RCW 53.08.090. Commissioner Troy McClelland seconded the motion. A vote was called for:

Vote: 3-0  
Yes: Bachman, McClelland, Stiger  
No: None  
Abstained: None

Motion carried.

10. CHIEF FINANCE OFFICER'S REPORT

Chief Finance Officer John Carter reported that the new health insurance plans that were approved by the Commissioners several months ago have been adopted and put in place. The Port now has the continuation of the PPO plan, plus a new high deductible HSA plan.

John Carter said that he met with Executive Director John Mohr to go through the receivables for the Marina. There is a very high level of work diligence performed with regards to the Marina receivables, and the amount of write offs was very low, at less than 1 percent of the total Marina revenues.

11. DEPARTMENT REPORTS

**Properties**

**Waterfront Place Central – Uplands Development Report**

Chief of Business Development Terrie Battuello reported that Staff's goals over the last six months were to implement an achievable plan to begin leasing and selling property within the Waterfront Place Central Redevelopment.

Completed tasks include the conceptual design engineering for public works projects together with their estimated costs; a delineation of the regulatory process with a schedule to obtain entitlements; a marketing program scope of work with milestones to complete the plan and begin its implementation in spring 2014; a financial pro forma including an evaluation and schedule for public investments; and a forecast and pricing strategy with anticipated expected transfer values, use mix, and performance to bring about the redevelopment of the waterfront community.

Additional work is necessary to develop a parking strategy, a landscaping plan, a study of utilities and energy capacity issues, proposed revisions to the design code and establish a funding mechanism for common area maintenance and replacement.

A projected schedule of future activities and Commission activities related to the district is attached hereto.

Staff anticipates coming back before the Commission in February 2014 to request approval for the formal application to modify the Planned Development Overlay and Development Agreement with the City of Everett.

**East Marina Bulkhead Replacement Alternatives**

Terrie Battuello reported that an associated project for the development of the marina district is the replacement of the East Marina Bulkhead which is south of the bulkhead project located at the former Everett Shipyard Marine Railway cleanup site. The Commission directed Staff to assess options for the replacement of the East Wharf Bulkhead before proceeding with a preferred design solution.

Port Staff has completed the bulkhead design based on their strategic assessment of the type of construction necessary to accommodate the Port's goals. The recommended strategy, replacing the current bulkhead with a new bulkhead, generates development revenues that offset the additional costs and addresses the Port's bottom line concerns and goals. The specific reasons for undertaking the bulkhead replacement project are compromised by a slope solution.

Attached for the record is the Staff Report which supports the East Wharf Bulkhead Replacement Alternative as the preferred design solution.

Executive Director John Mohr said that Staff had done the analysis this past summer but failed to bring the matter back to the Commission to make this report. If the Commission does not support going forward with the bulkhead design, Staff would be in support of that direction. The Staff recommendation is that the Port move forward with the bulkhead design.

Commissioner Glen Bachman said he supports the bulkhead design alternative, but thought there should be more graphics and explanations. Commissioner Stiger commented that he didn't think a riprap slope would be appropriate for the Village area. Commissioner McClelland said he was comfortable with the analysis and said he was supportive of the idea of putting in the bulkhead. It breaks even financially and achieves the strategy.

### **Projects Update**

#### **ESY Cleanup – Authorization to Bid – Procurement of Sheet Piles**

Environmental Cleanup Administrator Erik Gerking reported that there are two distinct phases of the Everett Shipyard Cleanup project. The first phase is the upland cleanup – which is nearly complete – and the second phase is focused on the in-water portion of the site. The in-water phase is scheduled to occur in 2014/2015 due to permitting requirements and the restriction of the in-water work window.

Because of the invasive nature of the cleanup action that will take place in the area immediately surrounding portions of the old creosote treated wooden bulkhead, it is cost effective and in some cases necessary to replace the bulkhead during the cleanup. The work is being integrated and coordinated with the broader development strategy for the Waterfront Place Development, which calls for a bulkhead in this area. The bulkhead that is planned will be a vertical steel sheet pile bulkhead with a nearly identical design to the 14<sup>th</sup> Street Bulkhead constructed in 2005 and 2006. Port Staff has conducted a thorough review of bulkhead alternatives, and the 14<sup>th</sup> Street Bulkhead design appears to be the most cost effective design that was identified for this application.

It is necessary for the Port to bid the procurement of the steel sheet piles to keep the in-water cleanup contract on schedule. The Port needs steel sheet pile sections necessary to construct 363 linear feet of bulkhead for Bulkhead Segments A and B as part of the Everett Shipyard Cleanup project. The engineers estimate for the sheet piles is approximately \$610,000, including Washington State Sales Tax.

Funding for the Everett Shipyard cleanup project, including the procurement of the steel sheet piles, comes from three sources: 1) the settlement with ESY, Inc. (\$4 million); 2) Port funds, and 3) the Department of Ecology Remedial Action Grant Funds – 50 percent of the Port's costs greater than the \$4 million settlement. The cost of the sheet piles are grant eligible, and this expense is planned for in the 2014 budget.

Erik Gerking recommended that the Commission authorize Staff to advertise for the procurement of the steel sheet piles for Bulkhead Segments A and B as part of the Everett Shipyard Cleanup project.

Commissioner Stiger asked how long the haul-out facility would be able to be used. Erik Gerking said the in-water work window begins August 15, 2014. The haul-out can stay operational up until the August 15 work window. Marina Director Jeff Lindhout is making preparations to insure that boats can be transported from the yards on that side of the property to the haul-out in the North Marina.

Commissioner Stiger asked if there was a possibility of any interim use of the Everett Shipyard upland cleanup property. Chief of Operations Carl Wollebek responded that Staff is working on plans with Properties to continue to support the boat storage business.

Terrie Battuello said the area in question is the Early Action Area, so Staff is trying to get it underway for development and will start the marketing process in June. Staff is trying to make sure that all of Carl's operations are relocated somewhere else on site so the Port doesn't lose the boat storage revenues. Staff wants to keep the Early Action Area available to be ready for development in six months.

Commissioner Troy McClelland moved that the Commission authorize Staff to advertise for the procurement of the steel sheet piles for Bulkhead Segments A and B as part of the Everett Shipyard Cleanup project. Commissioner Glen Bachman seconded the motion. A vote was called for:

Vote: 3-0  
Yes: McClelland, Bachman, Stiger  
No: None  
Abstained: None

Motion carried.

#### **COMMISSION PRESIDENT'S REPORT**

Commissioner Stiger reported that on Monday, Dave Madill provided the year-end report for the terminal operations, and for the year 2013 in the three metrics that were used to compare to previous years, the port calls were up, the tonnage was up and the container statistics were up. The tonnage figure of those three was the most significant at 30 percent over 2012.

#### **COMMISSION DISCUSSION**

Commissioner McClelland said that the favorable IAM vote on the 777X means a lot of opportunity for the future in terms of aerospace manufacturing and for the opportunity for our region to work on the next generation of technology in aerospace.

#### **CITIZEN COMMENTS**

There were no Citizen comments.

THE REGULAR COMMISSION MEETING was recessed into Executive Session at 6:18 pm - to conclude by 6:50 p.m. The purposes of the Executive Session were to consider the minimum price at which real estate may be sold when public knowledge would disadvantage the Port's negotiations, and to review the performance of a public employee.

At the conclusion of the Executive Session, there was no action taken by the Commission and there were no announcements. The Regular Meeting was adjourned at the conclusion of the Executive Session.

THE REGULAR COMMISSION MEETING WAS ADJOURNED at 6:50 p.m.

APPROVED: this 11<sup>th</sup> day of February, 2014. EVERETT PORT COMMISSION

By:

  
Tom Stiger, President

  
Troy McClelland, Vice President

  
Glen Bachman, Secretary

## **Attachment 1: Staff Report**

### **East Wharf Bulkhead Replacement Alternatives**

December 26, 2013

Terrie Battuello, Chief of Business Development

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This attachment supports the agenda summary for the East Wharf Bulkhead Replacement evaluation.

As background, the subject bulkhead replacement project was divided into three sections for replacement; A, B and C. Segments A and B are being replaced as part of the Everett Shipyard cleanup, with a 50 percent match from the State, while Segment C was segregated as a stand-alone project not eligible for these grants. Because the bulkhead replacement costs of Segments A and B have the benefit of being grant eligible through the Everett Shipyard Cleanup Project, the focus of this evaluation is on Segment C. Segments A and B combined are about 350 feet long, and Segment C is approximately 460 feet long.

The strategic challenge was to evaluate whether the Port should replace the bulkhead in its current general configuration with a new steel sheet pile bulkhead, or remove the bulkhead and lay back the shoreline with a rip-rap slope. Replacing Segment C with a rip-rap slope rather than a bulkhead as it is currently configured is less expensive to construction. The approximate construction cost of a bulkhead in Segment C is estimated to be \$2.5 million (approximately \$5,000/ linear foot), while replacing with rockery would be only \$1 million (approximately \$2,000/ linear foot). However, when looking at the question overall, the costs are offset by other project impacts.

The Key Questions:

- Is this a good investment? What are the direct costs and benefits?
- Are there other related but hidden costs to having a different style of bulkhead? Or what are the indirect costs and benefits?

To answer these questions, we first identified what stakeholders would be affected by the outcome. Stakeholders include the marina users, commercial fishermen, uplands developers, would be residents, and upland visitors. Additionally, we considered the Port marina district goals.

After analyzing the issues at stake, Port staff considered the objectives and elements of a stable solution by determining what the Commission has directed it wanted to have the end product do for the Port. We considered that the major objectives for undertaking these projects were to: build quality public access to waterfront areas; support job creation; maximize the value and the development yield of the uplands; cultivate an early-action area to catalyze the redevelopment of the entire parcel; and to synthesize the water ward more completely with the upland areas such that a desirable destination was created. Additionally, the citizen committee and Commission envisioned a reasonable parking strategy and waterfront homes.

As a result of the following points, Port staff found that there are significant adverse impacts to stakeholders when using the rip rap solution, and to the project's ability to meet the marina district redevelopment goals, as follows:

- **Quality public access and walking trails**

This bulkhead facilitates the placement of the dock walk, providing a direct visitor option to get near the water if they do not have a boat.

- **Job creation/ambiance**

This area is designated in the plan to accommodate commercial fishing vessels. These vessels supply a number of local jobs, are an important part of the Port's history and provide significant contributions to the authentic nature and attractiveness of the district.

- **Maximizing developable land**

- Usable land area: The \$1.5 M investment is directly offset with increased developable uplands of \$1.385 million. It is estimated that 0.4 to 0.5 acres is eliminated if the slope is laid back. This value is approximately \$1 M. Additionally the bulkhead adds new real estate through creation of new land through filling which is valued conservatively at \$295,000, plus the overwater (3' wide) section that would further increase value by \$90,000.
- Compromise to land value: Land values immediately adjacent to the water edge would be valued at a higher premium, say an additional \$10 per square foot, or \$1.5 to \$1.9 million per acre. Moving from bulkhead to a riprap slope eliminates the option of bringing boats directly to the edge of the village promenade. Having the opportunity to land and tie up a boat directly next to the restaurant, hotel, etc., has a great deal to do with ambiance, character, sense of place — and that translates directly to value. The waterfront should bring a significant premium — dining on the water's edge, walking immediately adjacent to the water (not looking over rocks), etc.

- **Cultivate an early-action area and village heart**

Reduces village heart. The sloped solution reduces the depth of the buildable areas in the “village heart” area. The anticipated reduction of 50 feet reduces the ratio of build-able to non-buildable area and increases the relative proportion of streets, open space, and other "public space" to the total village acres -- and therefore, a likely overall value reduction.

- **Waterfront homes**

Apartment homes in this area. Already the Port must obtain a Shoreline Master Plan amendment to fully realize its goal for waterfront homes in the village heart. It is a concern that the loss of 50' could impact the ability of the Port to facilitate the development of residential within this village area. The Port is already anticipating a Shorelines decision which is further impacted by the loss of this area.

- **Reasonable parking plans**

Minimum parking. The loss of this critical land area will result in a reduction in the parking capacity, which currently is only adequate. A reduced parking capacity translates to a reduction in vertical development (structures) capacity and size. That in turn, would reduce the overall land value because the basis of the economic model for this project depends on the maximization of the land value transfer (through a lease) to the maximum acceptable level such that a building investment can carry the "land load value" on the building's balance sheet.

The recommended strategy, replacing the current bulkhead with a new bulkhead, generates development revenues that offset the additional costs and addresses the Port's bottom line concerns and goals. In essence, the specific reasons for undertaking the bulkhead replacement project are compromised by a slope solution.

## Attachment 1: Waterfront Place Central Project Schedule

DATE	APPROVING BODY	DESCRIPTION
Dec 18, 2013	City of Everett Department of Community Development	Submit the Pre Application Summary of Requested Modifications to the Current N. Marina District Plan
Jan 7, 2014	Port Commission	Chief of Business Development six month status update on overarching project and schedule, entitlements, and response to Commission questions about the bulkhead design decision
Jan 13	Port SEPA Responsible Official	Submit Addendum #2 to the 2005 Environmental Impact Statement (EIS) for administrative review
Jan 14	City of Everett Administration	Meeting to review city staff comments on pre application in order to facilitate the formal modification submittal
Jan 28	Port SEPA Responsible Official	Completes review pursuant to SEPA requirements for the addendum
Feb 4	Port Commission	Informational presentation on marina-related legacy users; update on entitlement actions and approval of proposed changes to the development agreement
Feb 7	City of Everett Administration	Formal application is submitted for administration's review
Mar 4	Port Commission	Draft findings for strategic recapitalization plan for the in-water portions of the Central and South basin marinas and related upland facilities.
April	City of Everett Planning Commission	Planning Commission review of application for modifications
April	Port Commission	Informational presentation of public works (CIP) projects related to the district redevelopment to be added in the 2014 Capital Planning process
May	Port Commission	Informational presentation on financial pro forma for the district redevelopment
June	City of Everett City Council	City Council review of application for modifications to the planned development overlay, development agreement, vacation ordinance and design guidelines
June	Port Commission	Presentation of marketing campaign and supporting materials. Update on entitlements progress
July	Port Commission	Consider amendment to the comprehensive scheme of harbor improvements to incorporate the Waterfront Place Central Planned Development Overlay
October	Department of Ecology	Reviews and considers approval of the limited amendment to the City Shoreline Master Plan allowing residential closer than 200' from highwater